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WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE WR 5-80

WASHINGTON, June 18--The Foreign Agricultural Service of the U.S. Department of Agriculture today issued the following report of recent developments in world agriculture and trade:

GRAIN AND FEED

CHINA's wheat imports in 1980/81 are likely to rise above the 8.3 million-ton estimate for 1979/80 in light of recent Chinese activity in the world wheat market. During the last six weeks, China has purchased more than a million tons of U.S. wheat for 1980/81 delivery. U.S. wheat sales to China for 1980/81 already have exceeded 2.4 million tons, compared with total purchases of 1.7 million tons in the marketing year just ended May 31. Also, in early June China purchased 1.4 million tons of Canadian wheat and 150,000 tons of subsidized wheat from the European Community.

Factors contributing to expectations for increased Chinese imports include possibility of a reduced 1980 wheat crop, relatively favorable world prices and domestic policies leading to increased wheat consumption.

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In the southern East European countries of BULGARIA, HUNGARY, ROMANIA and YUGOSLAVIA, small grains and row crops are experiencing problems caused by much cooler than normal temperatures and excessive rainfall during May and the first week of June. While the rain aided winter grains up to a point, the persistently cool and excessively moist conditions are now causing lodging, disease problems and possible yield reductions. Planting of spring grain and corn has been delayed and in many cases has not reached planned acreages. Crop development is from 15 to 40 days behind schedule and a good harvest will require much warmer temperatures and a late fall.

HORTICULTURAL AND TROPICAL PRODUCTS

The WORLD COFFEE CROP for 1980/81 is estimated by USDA now at 79.6 million bags (60 kilograms each)--about 100,000 bags smaller than the 1979/80 outturn. Based on past performance, the chances are two out of three that this first estimate of total production will not vary by more than 3.5 percent from the final outturn.

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MARY FRANCES CHUGG, Editor. Tel: (202) 447-3370, 447-2381. Weather and Crop Summary prepared by the Joint Agricultural Weather Facility of USDA and NOAA. Tel: (20) 447-8760, 447-7917. Bulk copies may be obtained from the FAS Information Services Staff, Room 5918-South, Washington, D.C. 20250.

Exportable production, which represents total harvested production less domestic consumption in producing countries, is estimated at 59.7 million bags. The 1979/80 estimate was 60.2 million bags.

In North America, a major decline in El Salvador, because of civil disturbances, weather and disease, should almost be offset by larger crops in the Dominican Republic and Costa Rica. Smaller increases also are expected from Guatemala, Mexico and Nicaragua.

South America's 1980/81 production is estimated at 37.5 million bags, off 1.6 percent from last season. Brazil should harvest a minimum of 21 million bags, 1 million bags less than the revised 1979/80 level. In Parana, near freezing temperatures last June reduced the trees' capacity to hold newly set coffee berries. In Sao Paulo, almost full production from newly planted, high-yielding varieties should almost offset the alternate-year cycle of adult trees. Because of good management practices since the 1979 frost and adequate rainfall, the 1980/81 crop in Minas Gerais should not drop as much as expected. In the remaining states, production is expected to be higher than last season. Production also should be virtually unchanged in Peru and Ecuador, but could rise by 150,000 to 200,000 bags each in Venezuela and Colombia.

Africa's total crop also is expected to be slightly higher than in 1979/80. Increases in Ethiopia, the Ivory Coast, Tanzania and Uganda are expected to more than offset reduced output in Burundi, Kenya, Cameroon and Rwanda. The outlook for Angola continues very unfavorable. If drought persists, East African coffee production could be adversely affected.

In Asia and Oceania, 1980/81 production is estimated at 9.3 million bags, slightly above the 9.2-million bags produced in 1979/80.

Total production estimates by region and principal producing countries for 1980/81 (with revised 1979/80 estimates in parentheses) are as follows, in 1,000 bags:

Total North America 14,766 (14,464); Costa Rica 1,880 (1,507); Dominican Republic 1,000 (700); El Salvador 1,800 (2,530); Guatemala 2,700 (2,550); Haiti 575 (650); Honduras 1,312 (1,250); Mexico 3,700 (3,610) and Nicaragua 975 (856). Total South America 37,515 (38,118); Brazil 21,000 (22,000); Colombia 12,400 (12,200); Ecuador 1,485 (1,474); Peru 1,265 (1,265) and Venezuela 1,150 (997). Total Africa 18,026 (17,940); Angola 500 (700); Cameroon 1,500 (1,600); Ethiopia 3,100 (2,963); Ivory Coast 4,166 (3,917); Kenya 1,167 (1,395); Madagascar 1,166 (1,200); Tanzania 916 (708); Uganda 2,500 (2,200) and Zaire 1,400 (1,400). Total Asia and Oceania 9,307 (9,210); India, 2,300 (2,411); Indonesia 5,239 (5,024); Philippines 700 (660); and Papua New Guinea 780 (830).

Further details will be available in the FAS Circular, World Coffee Production and Trade, to be released July 25.

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Declining cocoa prices have prompted "hardline" producers to reconsider the demise of the INTERNATIONAL COCOA AGREEMENT (ICA), which expired on March 31, 1980. Producers have been holding out for an ICA price of $1.20 to $1.66 per pound, while consuming nations were offering about 10 to 20 cents per pound less. Market prices in early June declined to about $1.10 per pound from an average of $1.39 during January-March 1980. The Secretariat of the United Nations Conference on Trade and Development (UNCTAD) has offered space available July 28-Aug. 3 for meetings between producers and consumers, which could pave the way for negotiations toward a new ICA.

At the June meeting of the International Cocoa Organization (ICCO) in London, member nations agreed to postpone any action for the liquidation of the $220 million buffer stock fund until the next scheduled meeting--Sep. 8-12.

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In CANADA, a very depressed potato market has caused the Minister of Agriculture to call for government purchases of Canadian No. 1 potatoes in the provinces of Prince Edward Island and New Brunswick. The size of the purchases will depend on a daily review of prices and supplies.

The government will purchase potatoes currently held in storage and withhold them from the market. The potatoes will either be sold back into the market at a later date, if prices increase sufficiently, or sold for cattle feed or starch. Growers also were cautioned not to increase plantings in 1980.

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In PORTUGAL, area planted for the 1980 tomato processing crop is estimated at 18,400 hectares, down 7 percent from last year. Large tomato paste stocks and deteriorating market prospects are responsible for the decline.

OILSEEDS AND PRODUCTS

CANADA's aggregate exports of rapeseed and flaxseed were up only about 3 percent based on preliminary statistics for August 1979-May 1980. According to the U.S. agricultural attache in Ottawa, exports for the ten-month period were as follows in 1,000 tons, with comparable statistics for previous years:

	1976/77	1977/78	1978/79	1979/80
Rapeseed	833.2	841.2	1,437.0	1,503.0
Flaxseed	260.1	182.5	393.7	386.0
Total	1,093.3	1,023.7	1,830.7	1,889.0

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TOBACCO

Agreement for the 1980 ONTARIO FLUE-CURED TOBACCO CROP has been reached by the Ontario Flue-cured Tobacco Growers' Marketing Board and the Canadian Tobacco Manufacturers Council (CTMC) on the price conditions, target production levels and export rebates.

The 1980 production target is 102,500 tons (226 million lb.), about 2 percent below 1979. Last year's crop of nearly 67,700 tons fell far below the 1979 target of just over 104,000 tons because of the blue-mold outbreak.

The CTMC and the growers agreed to set the 1980 minimum price at C$1.28 per pound, compared with C$1.16 last year. However, growers have complained the 10-percent increase is not enough to cover the large jump in production costs. Historically, the final price has exceeded the guaranteed minimum.

In 1980, CTMC will carry out the export-rebate program at an estimated cost of C$6.5 million. Rebates will apply to specific grades on a graduated basis, with the highest rebates for the lower priced grades. This will allow more low-grade tobacco to be exported, reducing the pressure on domestic manufacturers to purchase lower grades at the minimum price guarantee. For the past several years, a flat-rate rebate has been paid, which favored the higher tobacco grades.

NEW RELEASES

Foreign Agriculture Circulars:

Mexico's Strawberry Production Declines FBER 1-80

U.S. Seed Exports, Quantity, Value, and Destination, July-April and April 1978/79 and 1979/80 Marketing Years FFVS 6-80

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INTERNATIONAL WEATHER AND CROP SUMMARY, JUNE 9-15

EUROPE--A large portion of Europe received above-normal rainfall, but the southern-most areas of the Mediterranean countries dried out even more, improving harvest conditions. Wet weather continued in many parts of the southeast, and northern Italy and Spain. Conditions were worst in northern Italy, where winter grains, which were ready for harvest, probably suffered quality losses.

Nearly all of Europe experienced slightly below normal temperatures in May, with substantial deviations in northern Italy further delaying winter grain maturation. In the southeastern countries, spring-planted crops have suffered the most serious delays from the wet weather, while winter grains generally have benefited. Above-normal rains across the north favored crop growth for the most

part, with perhaps some excessive water in northwestern France and along the East/West German border. Abundant rainfall over England markedly improved growing conditions, following a dry May, except for rain in the last week.

USSR--Relatively heavy rainfall continued over the southern portions of the European USSR, although higher totals were not as widespread in the Ukraine this week. Nevertheless, excessive water in fields probably has persisted which could be a worsening of conditions, and very possibly detract from winter grain yields. Other areas in the south, which received more moderate rainfall should benefit from the moisture. Temperatures returned to near normal, except in the rainiest areas, but did not allow crops to make up for the delays since early spring. In the Volga Valley an extensive area became too dry for good growth of spring grains in May, and only limited areas have received some relief so far in June.

Large portions of the New Lands received above normal rainfall, maintaining generally adequate soil moisture for newly sown spring grains. Dry conditions, which had continued to develop during May in the east near Barnaul, have been eased over a broad area by two weeks of relatively wet weather. Dryness persists to the west toward Omsk, where rainfall deficiencies began in May.

EAST ASIA--Excessive rainfall continued in the southern portion of the Yangtze River Valley for the third consecutive week. A two-week break in May had brought totals back to near normal, but this new surge will cause more water control problems. Rainfall eased further in the southern coastal provinces, which should be beneficial to double-cropped rice as it neared maturity. Some winter wheat areas experienced favorable harvest weather, but the wet weather of May persisted over much of Shandong and northern Henan. Spring-planted crops to the north of Beijing benefited from much above normal rainfall. This second consecutive week of moisture improved conditions in areas of Manchuria, which had become a little too dry during May.

SOUTHERN ASIA--Monsoon rainfall continued over the southeastern half of India, with pre-monsoon showers spreading northwestward to the Punjab. So far the monsoon advance appears normal, and rainfall totals for the first two weeks of June remain above normal in most areas. Planting reportedly has begun, and indications are good that the monsoon will continue.

AUSTRALIA--Major crop areas received mostly light rain. More-abundant totals in South Australia winter grain areas maintained good soil moisture, and although rainfall deficiencies developed during May in Victoria and extreme southern New South Wales, abundant rainfall in late April had adequately replenished moisture levels. Conditions remain favorable for growth and development of winter grains, except in parts of West Australia and Queensland where timely rains are needed for proper germination and early vegetative growth.

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NORTHWESTERN AFRICA--Drier-than-normal weather over most winter grain areas in May favored harvest activities. Some persistent, above-normal rainfall in Tunisia and eastern Algeria may have interfered some with harvesting in May, but a return to normal, dry weather has minimized problems.

SOUTHEAST ASIA--Incomplete data indicate that average rainfall fell during the past week, providing sufficient moisture for development of crops in Thailand. Rice and maize have benefited from the onset of the rainy season which began in early May. Except for the region surrounding Bangkok, monthly rainfall totals for May slightly exceeded normal throughout the country. Significant rainfall is required for the duration of the summer rainy season to fill reservoirs, which had been depleted from the 1979 drought.

SOUTH AMERICA--Dry, cool weather throughout the major crop areas was interrupted during mid-week by a fast-moving storm system which brought rainfall of 25 to 50 mm to Rio Grande do Sul in Brazil and between 10 and 25 mm in the northeastern portion of Buenos Aires Province in Argentina. Soil moisture is plentiful in most winter wheat areas and planting is underway. Earlier in the season, heavy flooding in some areas of southern Buenos Aires Province made some land unfit for wheat production, but total area is not expected to decline.

CANADA--Significant rainfall occurred only in the extreme southern portion of the Canadian grain belt. Crop moisture remains favorable in Alberta; however, conditions worsen from west to east across the Prairies. Seeded crops are beginning to show signs of deterioration in southeastern Saskatchewan because of inadequate moisture during May and early June. In May, crops in this area also were subjected to heat stress. More recently, cold weather has brought several episodes of frost to northern Alberta, eastern Saskatechewan and the Interlake Region of Manitoba. Some damage has been reported to rapeseed, alfalfa, and fall rye, which is heading and flowering.

MEXICO--Severe drought slowly intensified over the northwest during May and early June. A few showers brought slight relief to the west central mountains during the first half of June. Irrigation water supplies, which dropped to about 40 percent of normal in the northwest after heavy irrigation of tomatoes and wheat, could limit the yield potential of summer soybeans, rice and some cotton. Southern plateau corn and beans received generally adequate rains for germination and growth. Northeastern sorghum and corn benefited from ample irrigation water and above normal rainfall during the peak water use period in May. Dry weather was accelerating maturity by mid-June.

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Rotterdam Prices and E.C. Import Levies:

Asking prices in U.S. dollars for imported grain, soybeans and tapioca, c.i.f., Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	June 17, 1980		Change from previous week	A year ago
	Dollars per metric ton	Dollars per bu.	Cents per bu.	Dollars per metric ton
Wheat:				
Canadian No. 1 CWRS-12.5%..	1/	1/	1/	1/
U.S. No. 2 DNS/NS: 14%.....	197.00	5.36	+11	195.00
U.S. No. 2 DHW/HW:13.5%....	196.00	5.33	-9	193.00
U.S. No. 2 S.R.W...........	173.50	4.72	-4	190.00
U.S. No. 3 H.A.D...........	250.00	6.80	+19	209.00
Canadian No. 1 A: Durum....	269.50	7.33	+10	216.00
Feedgrains:				
U.S. No. 3 Yellow Corn.....	140.50	3.57	+5	141.00
U.S. No. 2 Sorghum 2/......	150.00	3.81	+5	135.50
Feed Barley 3/.............	146.00	3.18	+1	129.00
Thailand Tapioca...........	186.85	--	+4.85 5/	--
Soybeans:				
U.S. No. 2 Yellow..........	261.50	7.12	+7	321.50
Argentine 4/...............	255.50	6.95	+10	314.00
U.S. 44% Soybean Meal (M.T.)	218.00	--	+1.00 5/	267.00
EC Import Levies				
Soft Wheat.................	140.85	3.83	+10	103.77
Corn.......................	140.40	3.57	+1	109.80
Sorghum....................	125.85	3.20	-9	119.00
Barley.....................	126.65	2.76	+8	122.40

1/ Not available
2/ Optional delivery: U.S. or Argentine Granifero Sorghum
3/ Optional delivery: U.S. or Canadian Feed Barley
4/ Optional delivery: Brazil Yellow
5/ Dollars per metric ton

NOTE: Basis July delivery

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